
By: **Delegates Marriott, McHale, and Cole**
Introduced and read first time: February 7, 2001
Assigned to: Ways and Means and Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Electricity Produced from Qualified Energy**
3 **Resources - Waste-to-Energy Facilities**

4 FOR the purpose of including municipal solid waste within the definition of "qualified
5 energy resources" under certain circumstances for purposes of a certain income
6 tax credit allowed for electricity produced from qualified energy resources;
7 allowing certain qualified waste-to-energy facilities to claim a certain credit for
8 certain electricity produced from qualified energy resources; authorizing the
9 governing body of a county to designate as eligible for a certain tax credit certain
10 waste-to-energy facilities located in the county; providing for the application of
11 this Act; and generally relating to allowing certain qualified waste-to-energy
12 facilities to claim a certain credit for certain electricity produced from qualified
13 energy resources.

14 BY repealing and reenacting, with amendments,
15 Article - Tax - General
16 Section 10-720
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2000 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Tax - General**

22 10-720.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) (i) Except as provided in subparagraphs (ii) [and (iii)] THROUGH
25 (IV) of this paragraph, "qualified energy resources" has the meaning stated in § 45 of
26 the Internal Revenue Code.

1 (ii) "Qualified energy resources" includes any solid, nonhazardous,
2 cellulosic waste material that is segregated from other waste materials and is derived
3 from:

4 1. any of the following forest-related resources, not including
5 old-growth timber:

6 A. mill residues;

7 B. pre-commercial thinnings;

8 C. slash; or

9 D. brush;

10 2. waste pallets, crates, and dunnage and landscape or
11 right-of-way trimmings, not including unsegregated municipal solid waste and
12 post-consumer waste paper; or

13 3. agricultural sources, including orchard tree crops,
14 vineyard, grain, legumes, sugar, and other crop by-products or residues.

15 (iii) "Qualified energy resources" includes methane gas resulting
16 from the anaerobic decomposition of organic materials in a landfill or wastewater
17 treatment plant.

18 (IV) IN THE CASE OF A QUALIFIED WASTE-TO-ENERGY FACILITY,
19 "QUALIFIED ENERGY RESOURCES" INCLUDES MUNICIPAL SOLID WASTE.

20 (3) (i) Except as provided in [subparagraph (ii)] SUBPARAGRAPHS (II)
21 AND (III) of this paragraph, "qualified Maryland facility" means a facility located in
22 the State that:

23 1. primarily uses qualified energy resources to produce
24 electricity and is originally placed in service on or after January 1, 2001, but before
25 January 1, 2005; or

26 2. produces electricity from a qualified energy resource that
27 is co-fired with coal and initially begins co-firing a qualified energy resource on or
28 after January 1, 2001 but before January 1, 2005, regardless of when the original
29 facility was placed in service.

30 (II) "QUALIFIED MARYLAND FACILITY" INCLUDES A QUALIFIED
31 WASTE-TO-ENERGY FACILITY.

32 [(ii)] (III) "Qualified Maryland facility" does not include a qualified
33 facility that claims a tax credit under § 45 of the Internal Revenue Code:

34 1. that is originally placed in service before January 1, 2002;
35 or

1 (1) AS OF JANUARY 1, 2001, USED MUNICIPAL SOLID WASTE TO PRODUCE
2 ELECTRICITY; AND

3 (2) IS EXPANDED ON OR AFTER JULY 1, 2001 BUT BEFORE JANUARY 1,
4 2005.

5 [(c)] (D) If the credit allowed under this section exceeds the State income tax,
6 any unused credit may be carried forward and applied for succeeding taxable years
7 until the earlier of:

8 (1) the full amount of the credit is used; or

9 (2) the expiration of the 10th taxable year after the taxable year in
10 which the credit arose.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
13 2000.